

TABLE 1—ABC BULK COMPANY, INC.
[Calculation of Wage Subsidy Rates¹]

Base period	Interim period	U.S. wage cost	Collective bargaining cost	Application of BLS index to base period cost	Averaging in base periods (4)+(5)	Appropriate limits
					2	
(1) 1981	(2)	(3)	(4)	(5)	(6)	(7)
	1982	\$4,162.60 \$4,578.24	\$3,850.29 \$4,230.15	$\$3,850.29 \times 1.0845 = \$4,175.64$		$.9 \times (4) = \$3,807.14$ $1.1 \times (4) = \$4,653.17$
	1983	\$4,578.24	\$4,230.15	$\$3,850.29 \times 1.1816 = \$4,549.50$		$.9 \times (4) = \$4,104.34$ $1.1 \times (4) = \$5,016.42$
	1984	\$5,539.40	\$4,966.90	$\$3,850.29 \times 1.2992 = \$5,002.30$		$.9 \times (4) = \$4,470.21$ $1.1 \times (4) = \$5,463.59$
	1985	\$6,139.57	\$5,504.06	$\$3,850.29 \times 1.4044 = \$5,407.35$		$.95 \times (4) = \$5,228.86$ $1.05 \times (4) = \$5,779.26$

¹ This computation is based on a new vessel entering subsidized service in May 1981.

Base period cost	Subsidizable wage cost	Foreign cost percentage	Foreign wage cost	Wage subsidy daily rate	Wage subsidy percentage rate (12)+(9)
\$3,850.9	\$3,850.29 \$4,175.64 \$4,549.50 \$5,002.30 \$5,455.71	32.99 32.98 32.15 34.77 33.99	\$1,373.24 \$1,509.90 \$1,812.49 \$1,926.05 \$2,086.84	\$2,477.05 \$2,665.74 \$2,737.01 \$3,076.25 \$3,368.87	64.33 63.84 60.16 61.50 61.75

[51 FR 40426, Nov. 7, 1986, as amended at 54 FR 5086, Feb. 1, 1989]

§ 252.32 Maintenance (upkeep) and repairs.

(a) *Subsidy items.* The fair and reasonable maintenance and repair costs not compensated by insurance, if eligible for subsidy under the ODSA and the regulations in 46 CFR part 272, incurred by the operator during the calendar year.

(b) *Subsidy rate.* The subsidy rate for maintenance and repair shall be the U.S.-foreign cost differential determined from price estimates of representative items of maintenance and repair work and by using the repair practices of the foreign-flag competition. See paragraph (b)(4) of this section for an example calculation.

(1) *Cost survey.* MARAD shall select a sample of jobs which are representative of the various types of maintenance and repair work—drydocking and underwater repairs, machinery repairs, hull and deck repairs, electrical repairs, exterior painting and interior painting, etc. The jobs shall be de-

scribed fully and combined into a standard set of specifications based on a particular type of vessel. The same specifications shall be used for obtaining all price estimates. MARAD shall request reliable and mutually acceptable ship repair cost experts to ascertain the U.S. and foreign M&R prices. MARAD shall survey foreign countries during a three-year cycle. The survey year prices shall be adjusted in the years between surveys by price adjustments estimated by the ship repair cost experts.

(2) *Country cost differential.* A country cost differential shall be determined for each country where work was performed on the competitive vessels. The country cost differential shall be 100 percent minus the ratio of the estimated foreign price to the U.S. price estimate. The U.S. price estimate shall be representative of the coastal area included in the subsidized service (for example East Coast) or, if more than one coast is served, the coast where the company is home based. For example:

§ 252.33

46 CFR Ch. II (10-1-03 Edition)

DETERMINATION OF COUNTRY COST DIFFERENTIAL		
[Year—1985; U.S. Atlantic—Gulf Coast; Foreign Country— Singapore]		
Repair category	Foreign price	U.S. price
Drydocking and Underwater Re- pairs	\$89,840	\$300,245
Tank Cleaning and Coating	70,160	77,080
Boiler Repairs	10,545	47,550
Machinery Repairs	22,505	108,165
Hull and Deck Repairs	33,500	99,370
Piping System	71,905	215,830
Electrical Repairs	12,340	36,660
Exterior Painting	5,035	30,640
Interior Painting	390	1,470
Estimate Totals	316,220	917,010

Foreign/U.S. Price Ratio—34%.
Country Cost Differential (100–34)—66%.

(3) *Distribution of repairs.* The distribution of repairs refers to the countries where M&R work was performed on the vessels of the foreign-flag competitor. When data on the repairing practices are obtained directly from

the foreign competitor, they shall be used. If information about such practices is unavailable—or only partially available—data, published by the classification societies and Lloyd's Voyage Record, reporting the dates and localities of drydocking and completion of the various types of vessel surveys, shall be used for determining the geographical distribution of the unknown repairing practices. If such information is unavailable, repairing practices shall be determined on the basis of the industry as a whole.

(4) *M&R subsidy rate.* The U.S.-foreign cost differential for the foreign-flag competitor shall be determined by multiplying the percentage distribution of repairs for each country where repair work was performed by the country cost differential for that country, and by adding the resulting weighted cost differential for all countries. For example:

ABC BULK COMPANY, INC., MAINTENANCE AND REPAIR SUBSIDY RATE				
Principal competitor	Distribution of repairs		Country cost dif- ferential percent	Weighted cost differentials _____ (1) × (2) (percent)
	Country	Percent		
	(1)		(2)	(3)
Liberia	U.K.	15	19	2.9
	Japan	20	36	7.2
	Singapore	65	57	37.1
Subsidy rate				47

(c) *Data submission requirement.* The operator is required to submit a Subsidy Repair Summary (Form MA-140) quarterly, in accordance with 46 CFR part 272.

[51 FR 40426, Nov. 7, 1986, as amended at 54 FR 5086, Feb. 1, 1989; 58 FR 17349, Apr. 2, 1993; 61 FR 32706, June 25, 1996]

§ 252.33 Hull and machinery insurance.

(a) *Subsidy items.* The fair and reasonable net premium costs (including stamp taxes) of hull and machinery, increased value, excess general average, salvage, and collision liability insurance against risks and liabilities covered under the terms and conditions of policies approved as to form and coverage by MARAD, less lay-up returns, shall be eligible for subsidy and used for determining the U.S.-foreign cost

differential. Port risk premiums are eligible for subsidy but not for determining the U.S.-foreign cost differential.

(b) *U.S.-foreign cost differential.* A U.S.-foreign cost differential shall be calculated for the service. Due to the difficulty of comparing forms and costs of hull and machinery insurance coverages, the following assumptions shall be used for estimating the composite premium cost of the foreign-flag competitor.

(1) *Coverage.* The foreign competitive vessels have the same types and amounts of insurance coverages and deductible averages as the subsidized vessels.

(2) *Premium rate.* The foreign competitive vessels are insured in the British market and the rate for such vessels is the same as the British market rate for